TDB Trends Research (Nationwide, Research & Summary for May 2023)

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Economy improves for third straight month, supported by strong tourism

～ The consecutive national holidays without pandemic restrictions and inbound consumption were positive factors ～

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(Companies researched: 27,930; Valid responses: 11,420; Response rate: 40.9%; Survey start date: May 2002)

< Trend in May 2023: Continued improvement >

   The economic diffusion index (DI) in May 2023 was 45.4, up 0.8 point from the previous month, for a third straight month of improvement. The domestic economy showed a strong pick-up movement broadly amid further acceleration of a move toward normalization of economic activities and social life.
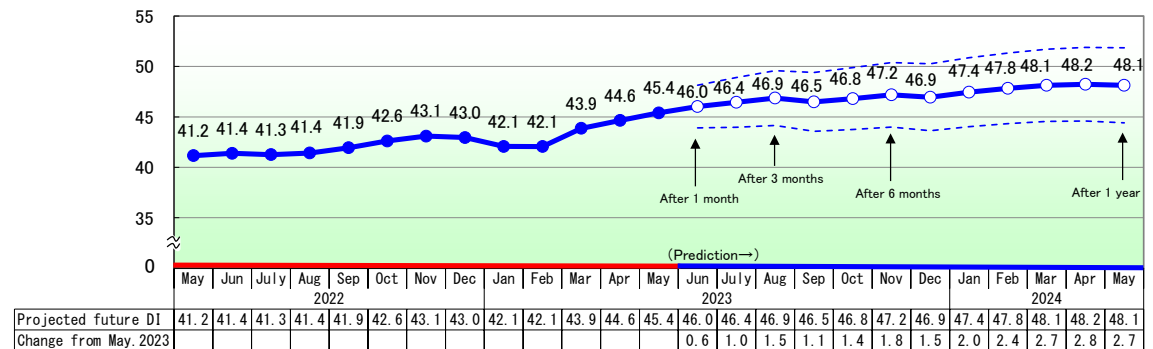
< Future outlook: Continued trend toward gradual recovery >

   Although there are concerns about downside factors including rising costs, Japan's economy is expected to show a trend toward a gradual recovery.

By industry: Improved in 9 out of 10 industries, with continued strong demand mainly related to tourism and food and beverage.

By scale: Companies of all sizes showed an improvement for the third straight month as the movement toward leaving COVID behind gained momentum.

By region: All 10 regions reported a third straight month of improvement, driven by travel and tourism in each region.

	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
			2022											2023									2024		
Projected future DI	41.2	41.4	41.3	41.4	41.9	42.6	43.1	43.0	42.1	42.1	43.9	44.6	45.4	46.0	46.4	46.9	46.5	46.8	47.2	46.9	47.4	47.8	48.1	48.2	48.1
Change from May. 2023														0.6	1.0	1.5	1.1	1.4	1.8	1.5	2.0	2.4	2.7	2.8	2.7

*: The economic forecast DI is calculated using the Forecast Combination method of the results of the ARIMA model and the structural equation model.

Economic Diffusion Index (Economic DI)1/2

	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Ratio to the Previous Month
Total	41.2	41.4	41.3	41.4	41.9	42.6	43.1	43.0	42.1	42.1	43.9	44.6	45.4	0.8
Large Firms	43.5	43.5	43.4	43.8	43.6	44.2	45.0	44.8	44.8	44.2	46.1	47.3	48.1	0.8
Small to Medium-sized Firms	40.7	41.0	40.8	41.0	41.6	42.3	42.7	42.6	41.6	41.7	43.5	44.2	44.9	0.7
Micro Firms	39.5	40.0	39.7	39.8	40.7	41.1	41.4	41.3	40.4	40.9	42.4	42.9	43.9	1.0

		May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Ratio to the Previous Month
Agriculture,Forestry,Fisheries		37.6	34.7	36.3	35.9	35.8	36.4	37.7	37.9	37.4	38.9	41.6	42.2	44.8	2.6
Finance		42.7	42.3	41.9	41.7	43.6	43.2	44.5	44.3	44.8	43.3	44.0	45.0	47.8	2.8
Construction		42.2	42.5	43.1	43.3	44.0	44.2	44.9	44.6	44.1	43.7	45.5	45.6	46.9	1.3
Real Estate		44.7	45.9	44.7	44.8	45.3	44.0	45.6	44.8	46.1	46.3	47.5	49.6	50.7	1.1
Manufacturing	Food,BEWerages,Livestock Feed	37.6	37.8	36.7	36.1	35.5	38.2	38.8	38.3	38.1	37.0	41.1	42.0	43.7	1.7
	Textile,Textile Products,Clothing	33.8	34.4	36.1	32.6	36.2	35.7	36.5	37.9	37.7	39.0	38.6	41.0	42.1	1.1
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	41.1	40.4	40.8	39.8	40.2	40.9	41.9	41.0	38.0	37.6	37.0	39.7	39.0	▲ 0.7
	Pulp, Paper and Paper Products	38.3	37.4	37.5	36.6	38.0	40.4	40.2	39.2	39.8	36.6	38.6	37.6	38.6	1.0
	Publishing,Printing	30.3	29.7	29.1	29.6	30.0	31.8	32.9	32.4	31.7	31.6	34.3	33.9	35.4	1.5
	Chemical	41.7	41.1	41.8	42.6	42.3	40.8	40.8	41.5	40.3	39.2	40.1	41.0	40.6	▲ 0.4
	Steel,Nonferrous Metals,Mining	40.9	41.2	42.9	42.7	43.0	43.9	43.6	43.1	41.7	41.0	41.9	41.1	40.9	▲ 0.2
	General Machinery	46.9	46.3	46.3	46.2	45.4	45.8	45.9	44.9	43.3	43.7	43.4	43.8	42.9	▲ 0.9
	Electrical Machinery	44.3	44.8	44.7	44.2	45.2	44.8	45.4	44.5	43.3	43.2	42.8	43.2	43.1	▲ 0.1
	Transportation Machinery,Equipment	37.6	36.8	40.3	41.2	40.2	42.2	42.1	41.0	38.7	39.6	41.2	41.5	43.0	1.5
	Precision Machinery,Medical Instruments and Equipment	48.2	48.8	48.5	46.5	46.2	46.1	46.1	46.3	46.5	49.0	46.8	45.6	46.2	0.6
	Other	39.2	38.1	37.8	38.2	37.5	35.4	35.9	37.0	39.1	36.1	40.8	41.9	42.7	0.8
	Total	41.0	40.8	41.3	41.0	41.1	41.6	41.9	41.5	40.4	40.0	41.0	41.4	41.5	0.1
Wholesale	Food,BEWerages	37.3	37.1	37.0	35.6	35.8	37.4	38.8	38.2	37.5	38.3	42.1	44.3	45.2	0.9
	Textile,Textile Products,Clothing	31.4	31.3	29.9	29.9	29.9	32.4	33.1	34.0	34.7	35.9	38.0	41.9	43.1	1.2
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	38.1	38.3	38.6	38.5	37.5	39.8	39.5	40.2	38.3	37.2	38.0	39.1	38.4	▲ 0.7
	Paper Products,Stationery,Books	34.2	32.8	33.0	33.5	34.5	37.1	37.0	33.8	34.8	35.6	37.3	37.9	40.3	2.4
	Chemical	42.3	41.6	43.5	43.0	43.4	42.6	43.8	43.5	42.8	41.7	43.5	44.9	46.8	1.9
	Recycled Resources	47.5	41.4	40.9	39.6	47.0	46.3	43.5	46.2	43.3	43.2	41.7	43.5	40.4	▲ 3.1
	Steel,Nonferrous Metals,Mining Products	40.0	39.7	39.3	39.3	39.8	39.7	40.2	39.9	38.5	37.1	37.8	37.9	38.1	0.2
	Machinery,Equipment	42.0	42.9	43.1	42.6	43.3	44.1	44.1	43.8	43.0	43.3	45.2	45.2	46.0	0.8
	Other	37.8	38.1	37.7	37.7	38.2	39.0	39.6	40.9	40.0	40.9	42.3	43.9	44.9	1.0
	Total	39.4	39.4	39.5	39.2	39.6	40.6	41.0	41.0	40.1	40.1	41.9	42.9	43.7	0.8

Economic Diffusion Index (Economic DI)2/2

		May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Ratio to the Previous Month
Retail	Food,BEWerages	41.8	42.7	40.3	39.9	40.2	39.6	43.2	42.2	42.3	40.6	42.7	49.1	49.7	0.6
	Textile,Textile Products,Clothing	33.9	33.6	37.7	33.6	34.9	38.7	38.1	35.4	34.2	35.7	39.7	36.6	38.3	1.7
	Drugs,Sundries	38.9	40.1	37.1	41.9	39.5	38.9	40.6	39.0	37.2	38.5	42.9	47.8	47.4	▲ 0.4
	Furniture	34.3	39.8	35.2	36.1	40.0	37.8	36.2	31.0	34.2	33.3	39.5	38.1	34.7	▲ 3.4
	Electrical Household Appliances, Information Machinery and Equipment	34.7	34.0	36.7	32.7	37.1	35.1	35.3	37.2	36.3	37.5	40.2	37.8	40.5	2.7
	Motor Vehicles,Motor Vehicle Parts	37.1	36.4	32.4	35.9	38.8	37.6	37.2	35.3	38.2	38.7	40.8	44.0	41.5	▲ 2.5
	Special Merchandise	33.1	34.3	33.2	34.7	34.0	33.5	35.4	34.8	34.4	35.3	38.6	39.0	39.4	0.4
	Various Merchandise	39.9	37.8	40.2	38.0	36.1	41.3	41.4	42.6	42.5	41.0	43.6	47.8	45.8	▲ 2.0
	Other	41.0	39.7	36.9	42.3	32.1	36.5	44.9	41.1	42.3	44.8	41.1	41.7	41.1	▲ 0.6
	Total	36.4	36.7	35.7	36.3	36.7	36.8	38.2	37.4	37.5	37.7	40.6	42.5	42.4	▲ 0.1
Transportation,Warehousing		37.2	37.1	37.8	37.3	38.2	40.7	41.6	41.6	38.9	38.0	41.2	42.1	43.4	1.3
Service	Restaurants	34.3	38.0	34.0	28.1	31.8	39.0	39.1	41.5	38.5	42.4	49.8	50.8	56.7	5.9
	Postal,Telecommunications	53.0	56.0	47.0	47.9	51.9	52.4	50.0	48.3	47.6	44.4	52.8	52.8	58.3	5.5
	Electricity,Gas,Water,Heat	40.6	34.3	37.7	35.9	36.1	31.1	32.3	36.7	32.4	32.1	39.7	38.9	44.0	5.1
	Leasing,Rentals	43.3	44.9	40.8	44.7	45.6	47.5	48.4	47.4	46.8	47.4	48.1	50.5	49.7	▲ 0.8
	Lodging, Hotels	33.0	33.3	30.3	38.0	37.4	53.3	54.8	52.2	48.3	48.0	59.5	62.1	59.8	▲ 2.3
	Recreation	38.9	41.6	40.7	40.1	42.2	45.0	43.8	43.2	42.1	44.1	50.9	48.9	50.4	1.5
	Broadcasting	43.3	41.7	43.0	38.3	46.1	43.1	41.7	39.5	40.7	41.1	42.6	44.7	47.4	2.7
	Maintenance,Guarding,Testing	42.5	44.2	42.2	43.4	42.8	42.8	43.6	45.6	42.9	42.6	45.3	45.8	47.3	1.5
	Advertising	34.8	37.3	34.3	36.7	39.3	40.9	40.3	39.7	40.2	41.4	43.7	46.6	45.0	▲ 1.6
	Information	50.8	52.0	51.5	52.7	53.0	52.3	53.0	53.6	53.2	53.8	55.5	55.8	56.2	0.4
	Labor Dispatching	47.6	45.7	46.5	49.8	47.4	48.8	46.5	50.0	48.5	47.9	47.3	49.6	50.7	1.1
	Special Services	48.1	49.6	48.7	48.3	49.4	49.0	48.8	48.7	48.5	49.2	50.1	50.9	52.3	1.4
	Medical,Welfare,Public Health	44.4	43.5	42.5	41.2	41.7	43.2	43.6	42.8	42.9	41.5	42.2	41.8	44.6	2.8
	Education	35.6	40.1	38.8	39.7	43.7	42.1	42.8	41.2	38.4	41.9	44.4	38.4	42.2	3.8
	Other	42.7	42.8	42.4	41.2	42.8	43.3	43.5	44.0	42.2	44.3	46.5	48.6	47.5	▲ 1.1
	Total	44.8	45.9	44.4	45.4	46.3	47.1	47.3	47.7	46.6	47.4	50.0	50.8	51.6	0.8
Other		38.1	35.6	36.6	38.3	37.2	37.9	38.2	36.7	36.5	37.0	38.2	39.2	41.2	2.0

	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Ratio to the Previous Month
Hokkaido	38.9	40.1	41.0	40.2	40.7	41.2	40.9	40.8	40.1	40.6	41.2	42.2	43.0	0.8
Tohoku	39.1	39.0	38.8	38.1	39.3	39.9	40.3	39.4	38.0	37.2	41.1	41.2	41.6	0.4
kitakanto	42.1	42.6	42.9	43.8	42.5	43.7	43.7	43.1	40.9	41.4	42.6	43.3	43.4	0.1
minamikanto	42.7	43.2	42.6	43.3	43.6	43.8	44.4	44.7	44.1	43.9	45.7	46.7	47.2	0.5
Hokuriku	40.6	40.5	41.5	40.8	41.7	42.3	42.2	42.2	40.9	41.2	42.1	42.5	44.0	1.5
Tokai	40.1	39.5	39.5	39.7	40.4	41.1	41.4	41.7	41.0	41.1	42.8	43.3	44.6	1.3
Kinki	40.9	40.9	40.9	41.1	41.5	42.3	43.0	42.7	42.0	41.8	43.6	44.3	45.4	1.1
Chugoku	40.6	41.1	41.3	40.9	41.8	42.8	43.8	43.4	41.9	41.8	44.1	44.8	44.9	0.1
Shikoku	38.7	38.4	38.3	37.7	38.7	40.3	40.0	39.3	39.0	38.6	40.0	40.7	43.0	2.3
Kyushu	41.6	42.2	41.5	41.3	43.0	44.0	45.1	44.8	44.0	44.8	46.4	48.1	48.5	0.4

Appendix

1.Research Subjects(Companies researched: 27,930; Valid responses: 11,420; Response rate: 40.9%)

1.Region

Hokkaido	536	Tokai	1,216
Tohoku	745	Kinki	1,946
kitaKanto	934	Chugoku	756
minamikanto	3,343	Shikoku	382
Hokuriku	577	Kyushu	985
		Total	11,420

2.Industry (10 Industries 51 Lines of business)

Agriculture,Forestry,Fisheries		108
Finance		162
Construction		1,797
Real Estate		473
Manufacturing (2,838)	Food,Beverages,Livestock Feed	341
	Textile,Textile Products,Clothing	106
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	216
	Pulp, Paper and Paper Products	95
	Publishing,Printing	167
	Chemical	374
	Steel,Nonferrous Metals,Mining	512
	General Machinery	472
	Electrical Machinery	305
	Transportation Machinery,Equipment	100
	Precision Machinery,Medical Instruments and Equipment	75
	Others	75
Wholesale (2,665)	Food,Beverages	346
	Textile,Textile Products,Clothing	162
	Construction Materials,Furniture,Ceramics,Stone and Clay Products	309
	Paper Products,Stationery,Books	96
	Chemical	258
	Recycled Resources	33
	Steel,Nonferrous Metals,Mining Products	285
	Machinery,Equipment	847
	Others	329

Retail (681)	Food,Beverages	111
	Textile,Textile Products,Clothing	61
	Drugs,Sundries	57
	Furniture	24
	Electrical Household Appliances,Information Machinery and Equipment	42
	Motor Vehicles,Motor Vehicle Parts	94
	Special Merchandise	222
	Various Merchandise	55
	Others	15
Transportation,Warehousing		503
Service (2,157)	Restaurants	92
	Telecommunications	8
	Electricity,Gas,Water,Heat	14
	Leasing,Rentals	117
	Lodging, Hotels	99
	Recreation	91
	Broadcasting	13
	Maintenance,Guarding,Testing	196
	Advertising	110
	Information	602
	Labor Dispatching	92
	Special Services	313
	Medical,Welfare,Public Health	136
	Education	34
	Others	240
Others		36
Total		11,420

3.Size

Large Firms	1,765	15.5%
Small to Medium-sized Firms	9,655	84.5%
micro Firms	3,700	32.4%
Total	11,420	100.0%

2.Research Items

*Business Confidence (current, in 3 months, in 6 months, in 1 year)
*Business Conditions (sales, purchasing and selling unit price, inventory, capacity utilization ratio, number of employees, overtime work hours)

3.Research Period and Methodology

Internet-based survey conducted May 18– 31 2023

The explanation of the Economic Diffusion Index

Research Purpose/Researched Terms

TDB Economic Trend Research (started from May 2002) is a monthly statistical survey conducted for over 27,000 nationwide corporations on their general business activities including the current condition and future outlook of the industry business performance and operating climate. The primary purpose of such a survey is to assess the current state of Japan's economy.

Selection of the Subject Corporations

Companies of all sizes in all domestic industries are eligible to participate in the survey.

DI Calculation

The DI（Diffusion Index） is calculated by multiplying the number of responses for each assessment category by the number given in parentheses in the table below, to a seven-level assessment rated by companies.

Selection category	Extremely good	good	fairly good	neither good nor bad	fairly bad	bad	very bad
points	6	5	4	3	2	1	0
number of responses for each category	N_6	N_5	N_4	N_3	N_2	N_1	N_0

Economic DI

$$= \frac{\text{Total of (Points for each category} \times \text{Number of responses for each category)}}{\text{Number of valid responses } N} \times \frac{1}{6} \times 100$$

$$\equiv \frac{\sum_{i=0}^{6} i \times N_i}{N} \times \frac{1}{6} \times 100$$

An economic DI of 50 is **the point separating good and bad**, so a DI over 50 means "good," and below 50 means "bad." (The numbers are rounded off to one decimal place.) No weight is given according to a company's size, and calculations are made on the basis of "one company, one vote."

Size Classification

Industry	Large Firms	Small to Medium-Sized Firms (Micro Firms included)	Micro Firms
Manufacturing and Other Industries*	Capital: More than 300 million yen and No. of Employee: Over 300	Capital: Below 300 million yen or No. of Employee: Below 300	No. of Employee: Below 20
Wholesale Trade	Capital: More than 100 million yen and No. of Employee: Over 100	Capital: Below 100 million yen or No. of Employee: Below 100	No. of Employee: Below 5
Retail Trade	Capital: More than 50 million yen and No. of Employee: Over 50	Capital: Below 50 million yen or No. of Employee: Below 50	No. of Employee: Below 5
Service**	Capital: More than 50 million yen and No. of Employee: Over 100	Capital: Below 50 million yen or No. of Employee: Below 100	No. of Employee: Below 5

Note1: Large Firms refer to companies that rank in the top 3% in terms of sales volume according to the type of business, among small to midium-sized corporations excluding micro firms, which are defined in Small and Medium Enterprises Basic Act.

Note2: Small to Medium-Sized Firms refer to companies that rank in the bottom 50% in terms of sales volume according to the type of business, among those not categorized as small to midium-sized corporations in Small to Medium-Sized Enterprises Basic Act.